



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

August 4, 2000

H.R. 4437 **Semipostal Authorization Act**

As cleared by the Congress on July 26, 2000

SUMMARY

The Stamp Out Breast Cancer Act authorized a special postage stamp for first-class mail. The United States Postal Service set the price of this stamp (called a semipostal) at 40 cents, 7 cents above the regular rate of 33 cents, and the authority to issue this stamp would have expired on July 28, 2000. Amounts above the regular postal rate collected from sales of the special stamp are later transferred to the National Institutes of Health (NIH) and the Department of Defense (DoD) to spend for breast cancer research (after accounting for the Postal Service's administrative costs). H.R. 4437 (enacted as Public Law 106-253) extends this program until July 29, 2002.

H.R. 4437 also authorizes the Postal Service to issue additional semipostals, involving issues and federal agencies that the service will determine, for a ten-year period after the first such semipostal is issued. Over the 2000-2010 period, CBO estimates that H.R. 4437 will result in a negligible net effect on direct spending.

ESTIMATED IMPACT ON DIRECT SPENDING

Because cash flows of the Postal Service are categorized as off-budget, only the transfer and spending of those funds by NIH and DoD under H.R. 4437 would be counted for pay-as-you-go purposes. Such spending would sum to near zero over the 2000-2005 period.

The estimated impact of H.R. 4437 on direct spending (on-budget) is shown in the following table. The budgetary effects of this legislation fall within budget functions 050 (national defense) and 550 (health).

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-2	-2	1	2	1	0	0	0	0	0
Changes in receipts						Not applicable					

BASIS OF ESTIMATE

Extension of Breast Cancer Stamp

Since the program's inception in July 1998, sales of these stamps have resulted in collections of about \$15 million for breast cancer research. CBO estimates that H.R. 4437 will increase such collections by the Postal Service by about \$1 million in fiscal year 2000, \$5 million in 2001, and \$4 million in 2002. After covering its administrative costs, the Postal Service will transfer the collections to NIH and DoD in April and November of each year. (The net impact on the Postal Service over the 2000-2010 period will be zero.)

We estimate that H.R. 4437 will increase NIH and DoD collections by \$3 million in 2001, \$5 million in 2002, and \$2 million in 2003. Spending of these collections by those two agencies will be about \$1 million in fiscal year 2001, \$3 million a year in 2002 and 2003, \$2 million in 2004, and about \$1 million in 2005. Thus, the changes in spending will sum to the changes in collections but outlays will lag behind collections. CBO estimates that the change in net outlays for NIH and DoD over the 2000-2010 period will be near zero.

Additional Semipostals

CBO has no basis for predicting the extent to which the Postal Service will issue additional semipostals under H.R. 4437. However, the budgetary impact of each semipostal will be similar to that of the breast cancer stamp. The net budgetary effects of any additional semipostals will be near zero because amounts collected above regular postal rates will eventually be spent.

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